

CASE 5918: MARBOB ENERGY CORPORATION
FOR AN UNORTHODOX OIL WELL LOCATION,
EDDY COUNTY, NEW MEXICO

Case Number

5918

Application

Transcripts

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 11, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Marbob Energy Corporation) CASE
for an unorthodox oil well location,) 5918
Eddy County, New Mexico.)

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: Lynn Teschendorf, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: William F. Carr, Esq.
CATRON, CATRON & SAWTELL
Attorneys at Law
53 Old Santa Fe Trail
Santa Fe, New Mexico

sid morrish reporting service

General Court Reporting Service
825 Calle Meja, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

I N D E X

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JOHN GRAY

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EXHIBIT INDEX

Offered Admitted

Applicant's Exhibit One	5	7
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1 MR. NUTTER: We will call Case Number 5918.

2 MS. TESCHENDORF: Case 5918, application of Marbob
3 Energy Corporation for an unorthodox oil well location, Eddy
4 County, New Mexico.

5 MR. CARR: May it please the Examiner, I'm William F.
6 Carr, Catron, Catron and Sawtell, Santa Fe, appearing for Marbob
7 Energy Corporation and I have one witness to be sworn.

8 (THEREUPON, the witness was duly sworn.)

9
10 JOHN GRAY

11 called as a witness, having been first duly sworn, was examined
12 and testified as follows:

13
14 DIRECT EXAMINATION

15 BY MR. CARR:

16 Q Will you state your name and place of residence?

17 A John Gray, Artesia, New Mexico.

18 Q Mr. Gray, by whom are you employed and in what
19 position?

20 A I'm President of Marbob Energy Corporation.

21 Q Have you ever testified before the Oil Commission and
22 had your credentials accepted and made a matter of record?

23 A No.

24 Q Would you briefly summarize for the Examiner your
25 past work experience?

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1 A. Yes, I have been self-experienced in the oil fields
2 for the last twenty-five to thirty years in drilling and
3 production.

4 Q. Are you familiar with the application of Marbob
5 Energy Corporation in this case?

6 A. Yes, I am.

7 Q. And with the NG Phillips Well No. 10?

8 A. Yes.

9 MR. CARR: Are Mr. Gray's qualifications acceptable?

10 MR. NUTTER: Yes, they are.

11 Q. (Mr. Carr continuing.) What does Marbob Energy Corpora-
12 tion seek with the application in this case?

13 A. Well, we would like to turn this injection well back
14 into a producing well. It won't take any water.

15 Q. And you are talking about the NG Phillips Well No. 10?

16 A. Right.

17 Q. And it is located in Unit G of Section 27, 17 South,
18 Range 28 East?

19 A. Right.

20 Q. Would you give the Examiner a brief history of this
21 well?

22 A. Well, this well was drilled primarily for an injection
23 well on an unorthodox location and it has never taken water
24 since it was drilled to speak of, it won't take but two barrels
25 of water a day now and it is of no value to us whatsoever the

1 way it is. We own all of the offset acreage around it and we
2 would just like to put it back on production and produce it and
3 see if it will make a justifiable producer. We feel that it
4 will probably give up some oil.

5 Q Now, Mr. Gray, do you plan to attempt to produce
6 this well through the perforations through which you are now
7 injecting water?

8 A Yes.

9 Q Mr. Gray, would you refer to what has been marked
10 as Applicant's Exhibit Number One in this case and explain
11 to the Examiner what it shows?

12 A Well, it shows our acreage surrounding this well,
13 the No. 10 well setting in the corner and we own the outside
14 acreage all the way around it and you will note that we have
15 drilled -- there are several other wells in there but this
16 well is in the Premier.

17 Q You are talking about the NG Phillips State No. 10
18 Well which is located --

19 A Thirteen twenty-five and twenty-six forty-five.

20 Q Thirteen twenty-five from the east and twenty-six
21 forty-five from the south?

22 A Right.

23 Q What do the red dots on this plat indicate?

24 A They all indicate our wells and acreage.

25 Q If your application is approved what pool would this

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1 well be completed in?

2 A. I believe it would be in the Artesia Queen Grayburg.

3 Q. Do you know what the spacing requirements are for
4 that pool?

5 A. Forty acres.

6 Q. Have you indicated who owns the adjoining tracts?

7 A. Well, we own all of the adjoining tracts around it.

8 Q. What is the status of the royalty and overriding
9 royalty ownership in these four tracts which surround the well
10 in question?

11 A. It's all the same.

12 Q. Have you notified any offset owners?

13 A. No.

14 Q. Has there been any need to?

15 A. No, because we own everything around it.

16 Q. If the Commission would grant the application of
17 Marbob Energy Corporation, in your opinion would you recover
18 oil from the NG Phillips State Well No. 10 in producing
19 quantities?

20 A. We feel that we will.

21 Q. Would the approval of this application be in the
22 interest of conservation and the prevention of waste?

23 A. Definitely so.

24 Q. In your opinion would approval of this application
25 protect correlative rights?

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1 A. Right.

2 Q. Do you have anything further you would like to add
3 to your testimony?

4 A. No, I think that pretty well covers it.

5 Q. Mr. Gray, Exhibit One is the Form C-102 which was
6 filed with the Commission at the time this well was drilled,
7 is that correct?

8 A. That's correct.

9 Q. And you have added to this the location of various
10 wells?

11 A. Right.

12 Q. Have you reviewed this and do you know from your own
13 knowledge that the information portrayed hereon is correct?

14 A. Yes, it is.

15 MR. CARR: At this time we would offer Applicant's
16 Exhibit One.

17 MR. NUTTER: Marbob Exhibit One will be admitted
18 into evidence.

19 (THEREUPON, Marbob Exhibit One was
20 admitted into evidence.)

21 MR. CARR: I have no further questions.

22

23 CROSS EXAMINATION

24 BY MR. NUTTER:

25 Q. Mr. Gray, are you actually conducting a waterflood

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1 operation in this vicinity at the present time?

2 A. Actually, yes.

3 Q Which wells on Exhibit Number One would be the
4 injection wells?

5 A The only other injection well would be our No. 4 Well,
6 which I believe is down in Unit letter I, in the corner over
7 there.

8 Q Okay, there are two wells there?

9 A Right.

10 Q In that forty?

11 A That offset well there is a Seven Rivers well.

12 Q So which is the injection well?

13 A The one to the east.

14 Q The easternmost?

15 A Right. And that will be the only injection well
16 left. We have drilled some Seven Rivers wells in here and
17 these other dots on ten acre spacings, this will be producing
18 out of the Premier at about twenty-two hundred.

19 Q The Premier is part of the Queen, isn't it?

20 A Yes.

21 Q How many of these wells are Queen wells then?

22 A Five.

23 Q Could you identify those, please?

24 A I believe we have one that would be the east offset
25 to this injection well.

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1 Q That would be right near that No. 5?

2 A Yes, it would be the No. 5 Well which will be a direct
3 south offset from the No. 10 Well. And then jump on across
4 down into the southeast corner, down at the bottom will be the
5 No. 3 Well which is a Premier Well and then the next forty
6 south of the No. 5 would be a Premier Well and everything else
7 has been plugged back to the Seven Rivers or was drilled to the
8 Seven Rivers only.

9 Q I see. So in effect then this will be kind of an
10 edge well as far as the Premier is concerned?

11 A Well, there have been Premier wells on to the west of
12 us.

13 Q I mean now?

14 A Yes.

15 Q It will be the northwest most well in the Premier
16 farther south?

17 A Yes, sir.

18 Q And these other wells you indicated were Premier
19 wells?

20 A Yes, sir.

21 Q And it will be the only Premier well on that forty
22 acre tract I believe too, won't it?

23 A Yes, sir.

24 Q The others are Seven Rivers wells?

25 A Right.

1 MR. NUTTER: Are there any further questions of
2 the witness? He may be excused.

3 (THEREUPON, the witness was excused.)

4 MR. NUTTER: Do you have anything further, Mr. Carr?

5 MR. CARR: Nothing further, Mr. Examiner.


6 MR. NUTTER: Does anyone have anything they wish to
7 offer in Case Number 5918? We will take the case under
8 advisement.

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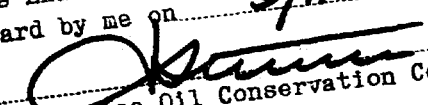
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

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Phone (505) 982-9212

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5-918
heard by me on 5/11, 19 77.
, Examiner
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
June 9, 1977

STATE GEOLOGIST
EMERY C. ARNOLD

Mr. William F. Carr
Catron, Catron & Sawtell
Attorneys at Law
P. O. Box 788
Santa Fe, New Mexico

Re: CASE NO. 5918
ORDER NO. R-3434

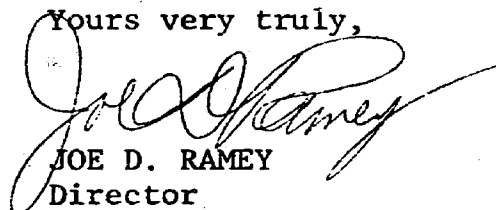
Applicant:

Marbob Energy Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC X
Artesia OCC X
Aztec OCC _____

Other _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5918
Order No. R-5454

APPLICATION OF MARBOB ENERGY CORPORATION
FOR AN UNORTHODOX OIL WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 11, 1977,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 8th day of June, 1977, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Marbob Energy Corporation, seeks
approval of an unorthodox oil well location for its NG Phillips
State Well No. 10 2645 feet from the South line and 1325 feet
from the East line of Section 27, Township 17 South, Range 28
East, NMPM, Artesia Queen-Grayburg-San Andres Pool, Eddy County,
New Mexico.

(3) That the SW/4 NE/4 of said Section 27 is to be
dedicated to the well.

(4) That a well at said unorthodox location will better
enable applicant to complete an efficient secondary recovery
production pattern.

(5) That no offset operator objected to the proposed
unorthodox location.

-2-

Case No. 5918
Order No. R-5454

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

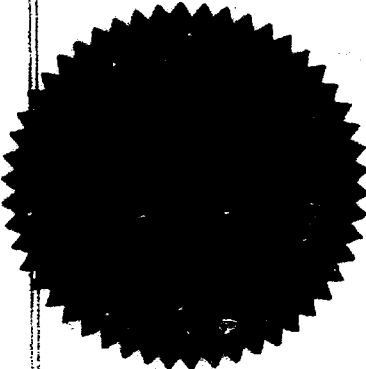
(1) That an unorthodox oil well location for the Queen-Grayburg-San Andres formation is hereby approved for the Marbob Energy Corporation NG Phillips State Well No. 10, located at a point 2645 feet from the South line and 1325 feet from the East line of Section 27, Township 17 South, Range 28 East, NMPM, Artesia Queen-Grayburg-San Andres Pool, Eddy County, New Mexico.

(2) That the SW/4 NE/4 of said Section 27 shall be dedicated to the above-described well.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



Phil R. Lucero

PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

jr/

Dockets Nos. 17-77 and 18-77 are tentatively set for hearing on May 25 and June 8, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - THURSDAY - MAY 5, 1977

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 5912: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the establishment of categories of plugging bonds, including blanket bonds not exceeding \$50,000, and one-well bonds in amounts determined sufficient to reasonably pay the cost of plugging the wells covered by each bond. Also to be considered will be the exclusion from future bond forms of provisions conditioning performance on recompense for damages to livestock, range, water, crops or tangible improvements. Also to be considered will be the amendment of Rule 101 of Commission Rules and Regulations concerning the above provisions.

Docket No. 16-77

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 11, 1977

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for June, 1977, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for June, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5913: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Kent Shannon, American Employers' Insurance Company, and all other interested parties to appear and show cause why the following wells in Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:

Hi Lonesome Well No. 1, located in Unit D of Section 32, Township 8 South, Range 27 East;
El Paso Well No. 1, located in Unit M of Section 36, Township 10 South, Range 26 East; and
Karma Well No. 1, located in Unit O of Section 16, Township 10 South, Range 27 East.

CASE 5914: Application of Atlantic Richfield Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Wimberly WN Well No. 11, to be located 990 feet from the North line and 1490 feet from the West line of Section 24, Township 25 South, Range 37 East, Justis-Fusselman Pool, Lea County, New Mexico.

CASE 5915: Application of C. W. Trainer for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of his Boyd Well No. 1, the surface location of which would be 830 feet from the South line and 2130 feet from the West line of Section 13, Township 20 South, Range 32 East, Lea County, New Mexico. Applicant proposes to vertically drill said well to a depth of from 5100 feet to 7900 feet and to then directionally drill in a southerly direction, bottoming said well in the Morrow formation at a true vertical depth of approximately 13,500 feet within 200 feet of the center of Unit F of Section 24, Township 20 South, Range 32 East. The N/2 of said Section 24 would be dedicated to the well.

CASE 5916: Application of Marathon Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of North Vacuum-Abo, Vacuum-Wolfcamp and Vacuum Upper-Pennsylvanian production in the wellbore of its McCallister State Well No. 7 located in Unit N of Section 25, Township 17 South, Range 34 East, Lea County, New Mexico.

CASE 5917: Application of Hanagan Pet. Corp. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Round Mountain Well No. 1, to be located 2310 feet from the North line and 660 feet from the East line of Section 34, Township 21 South, Range 25 East, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, all of said Section 34 to be dedicated to the well.

CASE 5918: Application of Marbob Energy Corporation for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its NG Phillips State Well No. 10 located 2645 feet from the South line and 1325 feet from the East line of Section 27, Township 17 South, Range 28 East, Artesia Queen-Grayburg-San Andres Pool, Eddy County, New Mexico.

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION AT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

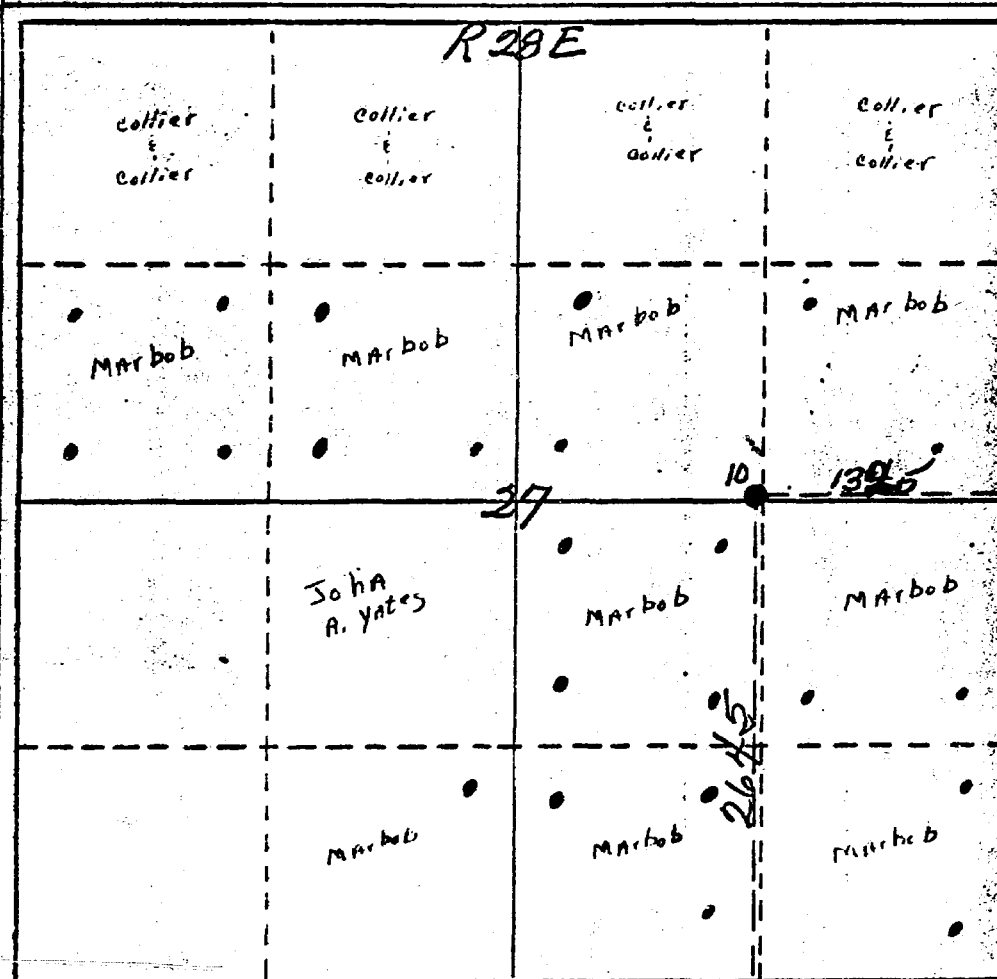
Operator PENROC OIL CORPORATION			Lease State NG Phillips-STATE		Well No. 10
Unit Letter G	Section 27	Township 17S	Range 28E	County Eddy	
Actual Footage Location of Well: 2645 feet from the South line and 1325 feet from the East line					
Ground Level Elev. 3635	Producing Formation Grayburg (Water Injection)		Pool Artesia, Queen, GB, SA	Dedicated Acreage: Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name **Alvin B. Little**

Position **President**

Company **PENROC OIL CORPORATION**

Date **11/8/71**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

PERMANENT FILE COPY

Date Surveyed **November 1st 1971**
Registered Professional Engineer and/or Land Surveyor

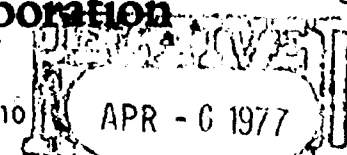
James H. Brumfield
Certificate No. **542**

Case 5918

Marbob Energy Corporation

P. O. BOX 304
ARTESIA, NEW MEXICO 88210

April 5, 1977



PHONES
OFFICE: 746-3692

NIGHT
746-3898
746-4877

OIL CONSERVATION COMM
Santa Fe

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, N. M. 87501

Re: N G Phillips St. #10
Unit G, Sec. 27, 17S, 28E.
Eddy County, N. M.
Artesia Queen G B S A
Penroc Phillips Flood

Dear Mr. Stamets:

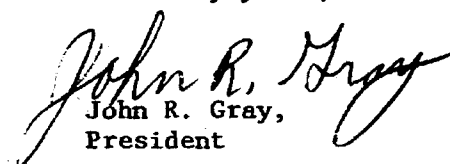
Marbob Energy Corporation has an unorthodox water injection well as described above. This injection well has only taken 29,000 barrels of water in a period of six years and is not sufficiently taking water to be of any benefit.

We feel there is a possibility that we can put this well on production as a producer in the Premier Sand formation through the perforations at 2007-2022 and recover oil from it in paying quantities.

Due to the fact that we own the adjoining four forty acres surrounding Unit G and all the overriding royalties and working interest in the four forty's are the same we respectfully request the commission to approve this proposal to change this injection well to a producing well. We are enclosing a plat showing the location of our Phillips # 10 and the owners of the other units in this section. The offset operator in Section 26 is Depco.

We would appreciate the Commission setting up a hearing to review this application.

Sincerely yours,


John R. Gray,
President

JRG:dh

Enclosure

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

APR - 6 1977

All distances must be from the outer boundaries of the Section.

Operator PENROC OIL CORPORATION		Lease <i>State NG Phillips</i>		Conservation Comm <i>10</i>
Unit Letter <i>G</i>	Section <i>27</i>	Township <i>17S</i>	Range <i>28E</i>	County <i>Eddy</i>
Actual Footage Location of Well: <i>2645</i> feet from the <i>South</i> line and <i>1325</i> feet from the <i>East</i> line				
Ground Level Elev. <i>3635</i>	Producing Formation Grayburg (Water Injection)		Pool Artesia, Queen, GB, SA	Dedicated Acreage: Acres

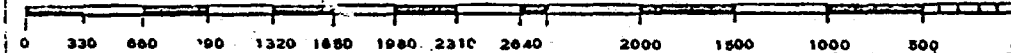
1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

<p style="text-align: center;"><i>R28E</i></p> <div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%; text-align: center;"><i>Collier</i> Collier</div> <div style="width: 50%; text-align: center;"><i>Collier</i> Collier</div> <div style="width: 50%; text-align: center;"><i>Collier</i> Collier</div> <div style="width: 50%; text-align: center;"><i>Collier</i> Collier</div> </div>				<p style="text-align: center;">CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p>	
<div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%; text-align: center;"><i>Marbob</i></div> <div style="width: 50%; text-align: center;"><i>Marbob</i></div> <div style="width: 50%; text-align: center;"><i>Marbob</i></div> <div style="width: 50%; text-align: center;"><i>Marbob</i></div> </div>				<p>Name <i>John B. Little</i></p>	
				<p>Position President</p>	
				<p>Company PENROC OIL CORPORATION</p>	
<p>Date 11/8/71</p>					
<p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.</p>					
<p>PERMANENT FILE COPY</p>					
<p>Date Surveyed <i>November 1st 1971</i></p>					
<p>Registered Professional Engineer and/or Land Surveyor <i>James H. Brown</i></p>					
<p>Certificate No. <i>542</i></p>					



-2-

Case No. _____
Order No. R- _____

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

~~the Marbot Energy Corporation~~ (1) That an unorthodox oil well location for the ~~Queen-Grayburg-San Andres~~ applicant's NG Phillips State Well No. 10, formation is hereby approved for a well to be located at a point 2645 feet from the South line and 1325 feet from the East line of Section 27, Township 17 South, Range 28 East, NMPM, Artesia Queen-Grayburg-San Andres Pool, Eddy County, New Mexico.

(2) That the S^W 1/4 of said Section 27 shall be dedicated to the above-described well.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.